



FACOR POWER LIMITED

9th

ANNUAL REPORT
2013-14

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 9th Annual Report together with the audited statement of accounts for the financial year ended on March 31, 2014.

FINANCIAL HIGHLIGHTS:

The Company is setting up 100 MW coal based thermal Power Project in Bhadrak district of Orissa. The first phase (Turbine-1 of 50 MW capacity and Boiler-1) of the Project was successfully synchronized on July 08, 2011. The second phase of the Project (Turbine-2 of 50 MW and Boiler-2) has been synchronized on March 11, 2014. The erection of 3rd Boiler is under progress & is expected to be commissioned by August 2014.

Though the current available capacity is 76 MW but Plant is running at an average load of about 35 MW which is being primarily consumed by Promoter Company M/s Ferro Alloys Corporation Limited (FACOR). The Generation level would go up once the Company starts sharing power to other parties on Group Captive Basis for which negotiations are at an advanced stage. The Company is also in the process of getting necessary permission to share power with M/s Facor Alloys Limited (FAL) through Open Access Route for their Garividi Plant which has power requirement of about 30 MW. The Company already has Power Purchase Agreement (PPA) in place with FAL for 30 MW.

The financial indicators for the year under review in comparison to the previous year are as under:

Particulars	Amount in Rs./lacs	
	2013-14	2012-13
Total Revenue	12,464.41	9,258.28
Less: Cost of material consumed	9,299.40	7,943.72
Other Costs	1,802.35	1,111.18
Profit/(loss) before Interest, Depreciation and Tax	1,362.66	203.38
Less: Finance cost	4,185.93	3,227.09
Depreciation	1,936.18	1,625.98
Profit/(loss) before Tax	(4,759.45)	(4,649.69)
Less: Tax expense	Nil	Nil
Profit/(loss) after Tax carried to Balance Sheet	(4,759.45)	(4,649.69)

During the period under review there was much better stability in the Plant Operations with higher efficiencies. There has been an increase in the total revenue by 35% over the previous year. The Auxiliary consumption and specific coal consumption have also improved in comparison to previous year. Though there is a linkage arrangement from Mahanadi Coalfields Limited but the allocation is only at 50% resulting in purchases from E-Auction/Washeries and imported coal at higher cost. But the coal transportation cost has reduced with the start of Railway Siding in November 2013. All these factors have resulted in higher EBIDTA of Rs.

1,362.66 lacs as compared to Rs. 203.38 lacs during the previous year. The finance cost and depreciation were higher than previous year due to capitalization of second set of Turbine & Boiler, Railway Siding etc. during the year. This has resulted in an increase in Net loss to Rs. 4,759.45 lacs as compared to Rs. 4,649.69 lacs during previous year. The Company expects much better performance in the next year post commissioning of the third Boiler and sale tie-up of surplus power.

During the year the Company has also incurred an expenditure of Rs. 6,533.62 lacs towards implementation of the Project making the total expenditure incurred till 31st March 2014 of Rs. 67,962.60 lacs (including capital advances etc.).

The Company has drawn Rs. 46,704.00 lacs from M/s Rural Electrification Corporation Limited till 31st March 2014 and Promoter have also inducted Rs. 20,710.00 lacs as the equity contribution.

DIVIDEND:

Since the Company has incurred losses during the year under review, the Directors do not recommend any dividend for the year.

PROGRESS OF THE POWER PROJECT:

As already mentioned, the first phase (Turbine-1 of 50 MW capacity and Boiler-1) of the Project was successfully synchronized on July 08, 2011. The second phase of the Project (Turbine-2 of 50 MW and Boiler-2) has been synchronized on March 11, 2014. The erection of 3rd Boiler is under progress & expected to be commissioned by August 2014. The present available capacity of the Project is at 76 MW. Once the 3rd Boiler is commissioned the same would be at 100 MW. The Company has all necessary Insurance policies, required for the Project, in place.

The Coal linkage for the Phase-II of the Project is pending at Coal Ministry. A formal meeting of Linkage Coal Committee is awaited wherein the Company's case would be considered for approval. Alternatively, Company has signed FSA with M/s K.R.Enterprises, M/s Global Dwimudra and M/s PT AL Amoudi for sourcing of coal for Phase-II of the Project.

CAPITAL:

During the year under review, Company has issued 2,49,75,631 Equity shares @ Rs 10/- each to M/s Ferro Alloys Corporation Limited at par by way of preferential allotment.

HUMAN RESOURCES:

Your Company strongly believes in the power of people and has always recognized and motivated the employees of the Company. The Company has highly motivated and target oriented team of professionals.

PARTICULARS OF EMPLOYEES:

During the period under review there were no employees receiving remuneration of or in excess of Rs. 60,00,000/- per annum or Rs. 5,00,000/- per month requiring disclosure as per

